Access & Affordability in Assisted Living – The Forgotten Middle

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National Investment Center for Seniors Housing & Care

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Today's Speakers

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Strategic Advisor

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NIC Senior Principal

National Investment Center for Seniors Housing & Care (NIC)

NIC is a 501(c)3 organization whose mission is to enable access and choice by providing data, analytics and connections that bring together investors and providers.

NIC Analytics provides trusted and objective market insights and analyses leveraging timely market data from its own proprietary databases, its affiliation with NIC MAP, and other third-party sources.

Today’s Agenda

- Access & Affordability in Assisted Living – The Forgotten Middle
- NIC Sponsored Research Studies & Insights
- NIC Resources for the Middle Market
- NIC Assisted Living Penetration Research
- NIC Senior Housing Affordability Calculator + Market Simulation
- Discussion & Questions

The Middle Market Challenge

Acknowledge the Problem

Ground-breaking 2019 study with NORC – released in Health Affairs

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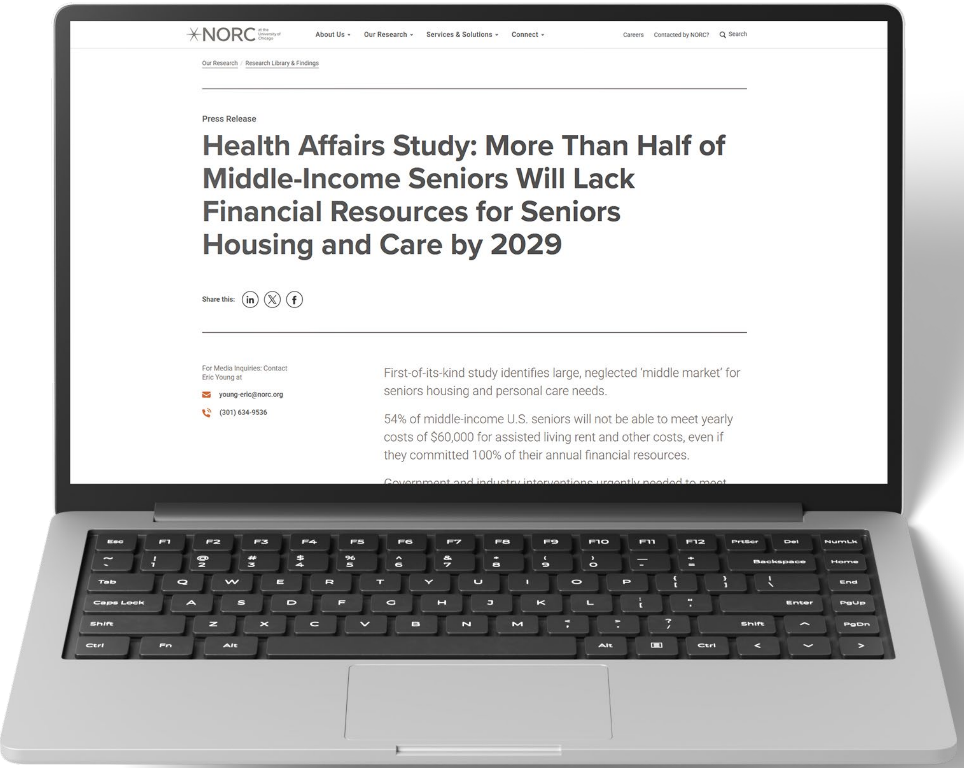
NIC Sponsored Research Studies

The "Forgotten Middle"



NORC at the University of Chicago

First-of-its-kind study identifies large, neglected 'middle market' for seniors housing and personal care needs.

54% of middle-income U.S. seniors will not be able to meet yearly costs of $60,000 for assisted living rent and other costs, even if they committed 100% of their annual financial resources.

Government and industry interventions urgently needed to meet needs of projected 14.4 million middle-income people over age 75, many with multiple chronic conditions.

https://www.nic.org/senior-housing-care-research/middle-market-senior-housing/

Define the Problem

- Breadth of the middle market “MM” customer:

  From near-duals to upper-middle income

- Range of MM product:

  Housing | *Housing + Services* | *Housing + Services + Care*

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The Dual Burden of Housing & Care

JCHS JOINT CENTER FOR HOUSING STUDIES OF HARVARD UNIVERSITY

Middle Market older adults face a dual burden of housing and care. Home care is expensive. An estimated 14% of middle-income seniors can afford 4 or more hours of daily in-home care and only 13% can afford an assisted living community on monthly income alone.

https://www.nic.org/blog/senior-housing-cares-middle-market-key-takeaways-from-housing-for-americas-older-adults-2023/

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Address the Problem

- No one-size fits all.
- Greatest challenge is addressing the care needs.
- Partnerships, especially public-private, are essential.
- Middle Market by need **vs.** by choice.
- Scaling is the particular challenge.

NIC Sponsored Research Studies

Innovative Financing and Care Models to Scale Affordable Housing Solutions for Middle-Income Older Adults

The United States is experiencing a significant demographic shift with projections indicating that, by 2034, the older adult population (65 and older) will surpass the population under 18. This shift is expected to result in 80 million older adult Americans by 2040, a substantial increase from 55.7 million in 2020. Particularly, the population aged 85 and older, requiring more assistance, is anticipated to double by 2040.

https://www.nic.org/resources/supporting-middle-market-senior-housing-four-financing-solutions/

Middle Market –
A Priority Focus for NIC

- Expanded focus area in 2022 strategic plan.
- NIC's role to raise awareness, be a catalyst for solutions, and disseminate promising models.
- Established focus area committee.
- Mandate to address in NIC's research and education initiatives.

NIC Resources for the Middle Market

- Dedicated resource section on NIC.org
- Middle Market Webinars
- Middle Market Sponsored Research Initiatives
- Case Studies

NIC Middle Market Case Studies

Celebrating the Spirit®

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TRUEWOOD BY MERRILL

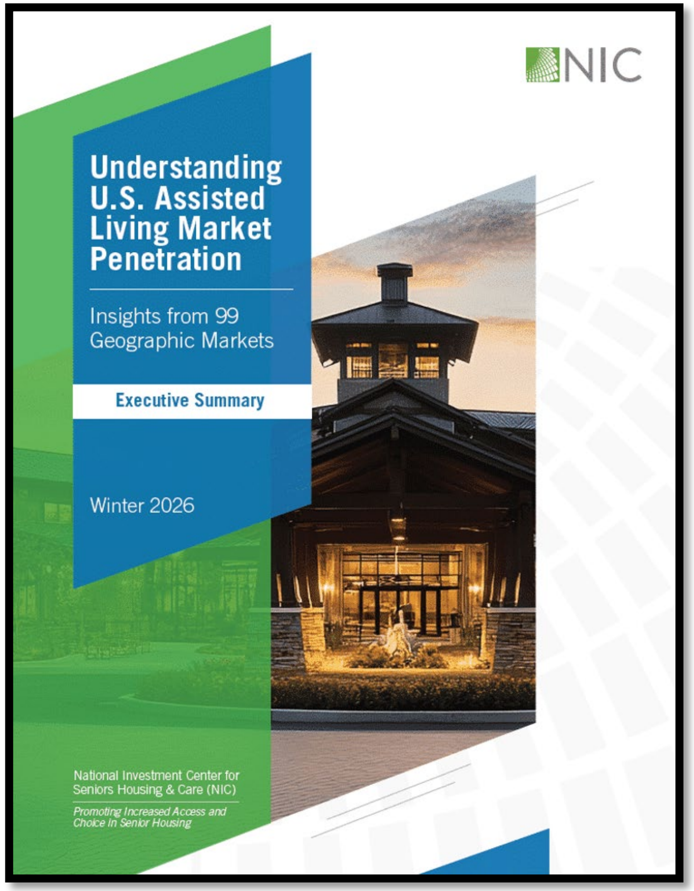
From 2Life

https://www.nic.org/senior-housing-care-research/middle-market-senior-housing/

NIC Assisted Living Penetration Research

Understanding U.S. Assisted Living Market Penetration

Identifying the factors influencing the variation in assisted living occupied penetration rates across markets.



Research Overview

- 99 NIC MAP Markets
- Population Aged 75+
- Data as of 2022-2023

Assisted Living Occupied Penetration Rate

- 70 Independent Variables
- Stakeholder Interviews
- Market Profiles & SWOTS

Prepared by: NIC Analytics of the National Investment Center for Seniors Housing & Care (NIC)

Download the Report

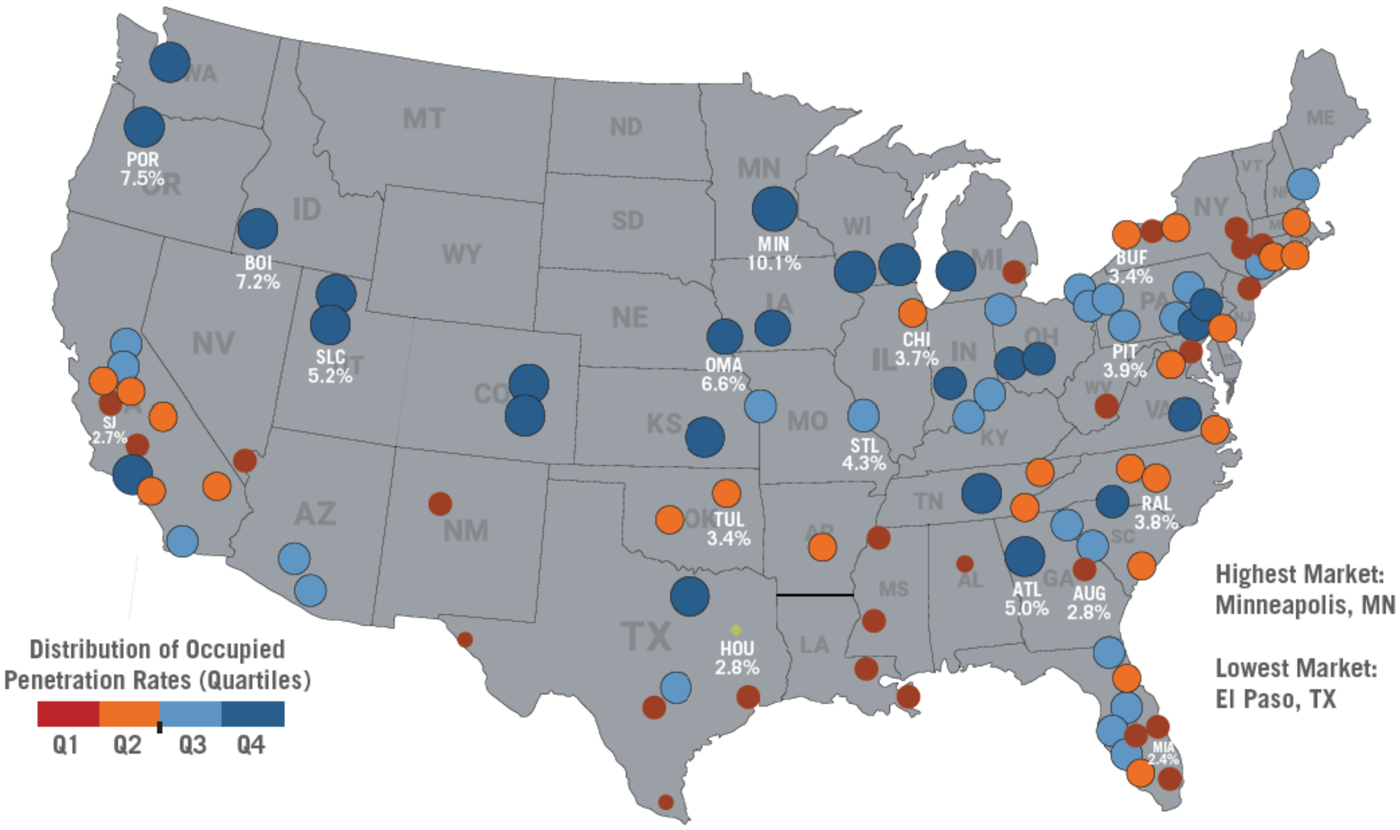
Penetration Ranges from About 1% in Some Markets to More than 10% in Others

Market potential and market penetration are not the same thing.

<u>Assisted living occupied penetration rate</u>

Assisted living occupied units as a share of households aged 75+

Assisted Living - Occupied Penetration Rates



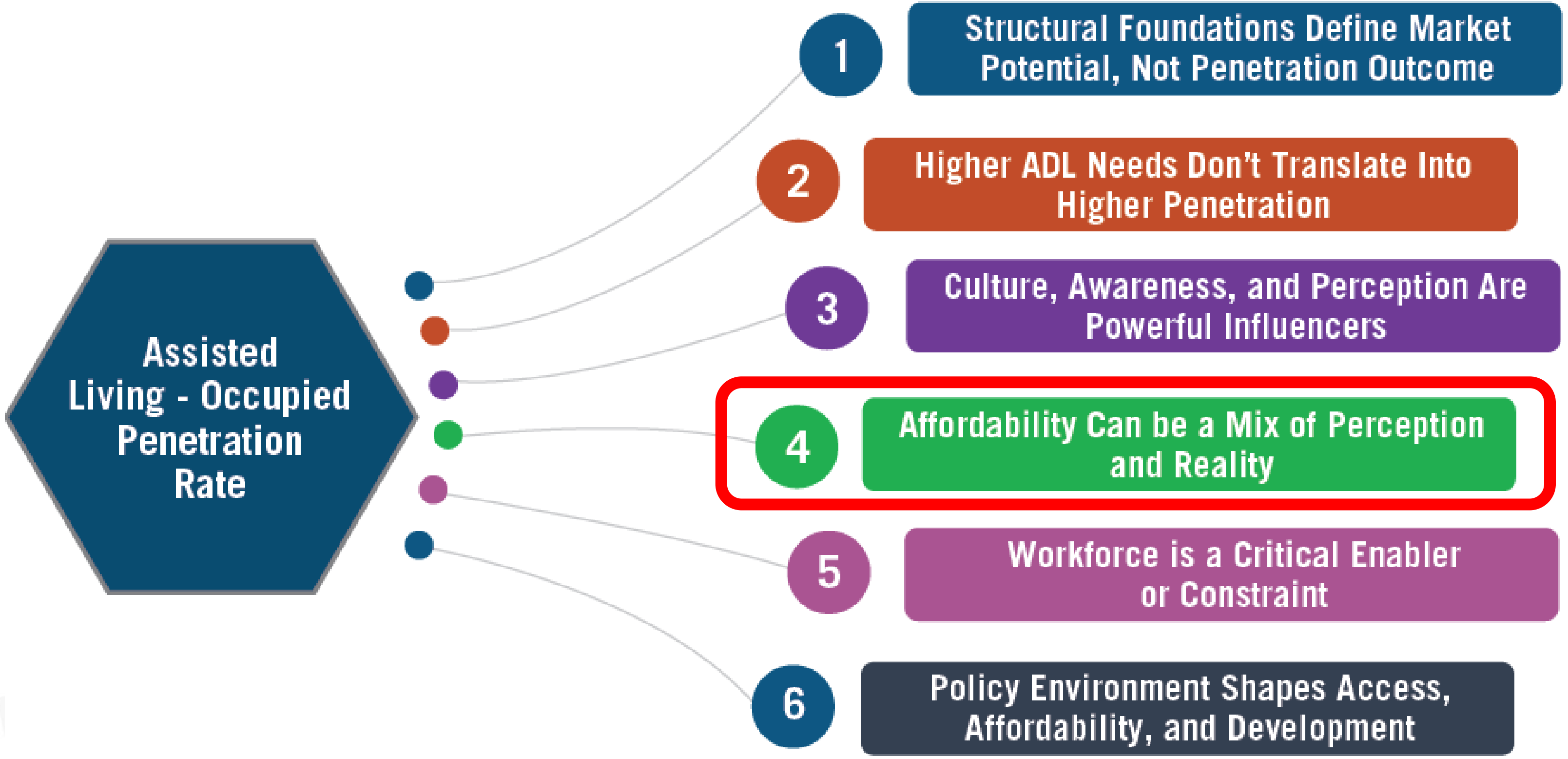
Highest Market: Minneapolis, MN

Lowest Market: El Paso, TX

Prepared by: NIC Analytics of the National Investment Center for Seniors Housing & Care (NIC) | Data Source: U.S. Census, NIC MAP
Market Coverage: 99 NIC MAP Primary and Secondary Markets | Occupied Penetration Rate: The number of assisted living occupied units relative to the number of household aged 75+

The Forces Shaping Assisted Living Penetration Across Markets

Assisted living occupied penetration rates across U.S. markets are not determined by any single factor but by how well different forces align across a market.



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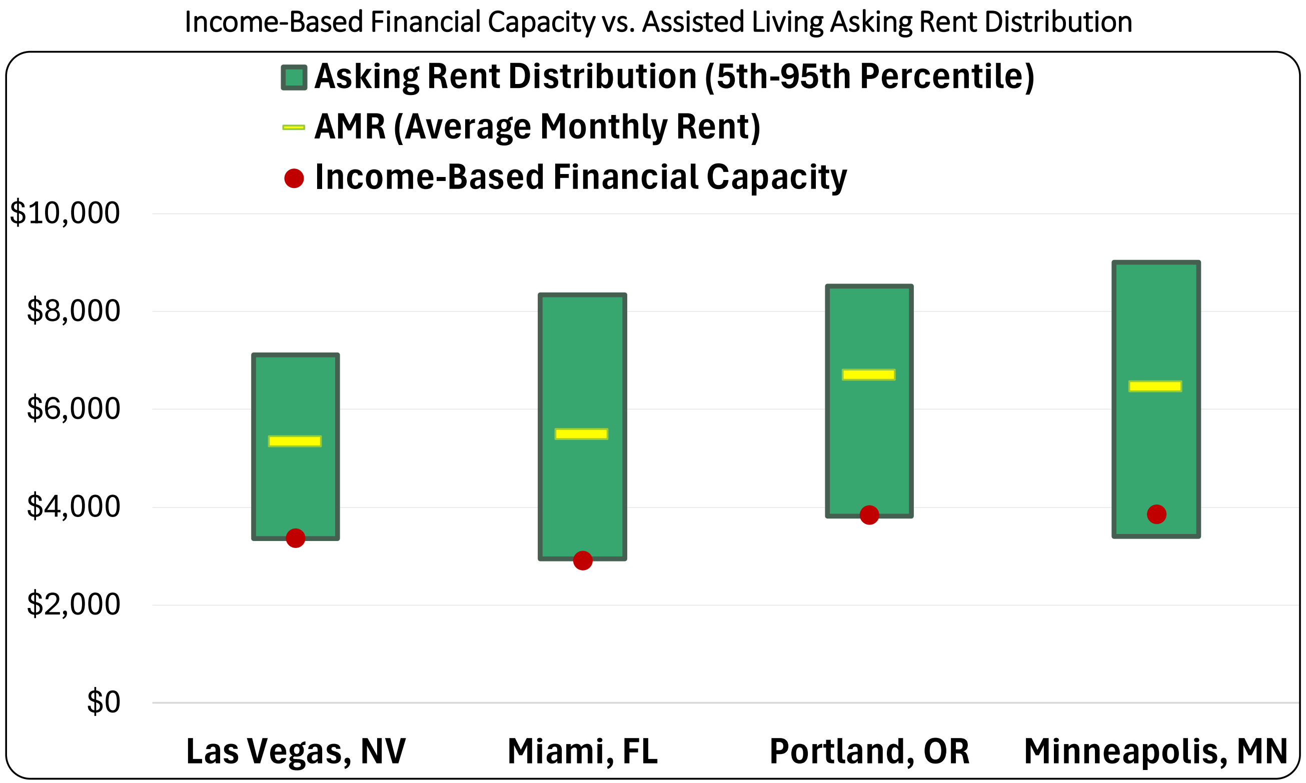
Link to the Penetration Webinar Replay

Affordability Can be a Mix of Perception and Reality



Prepared by: NIC Analytics of the National Investment Center for Seniors Housing & Care (NIC) | **Data Source:** NIC MAP
Income-Based Financial Capacity: the rent households aged 75+ could afford using median income only, excluding net worth.

Confidence gaps and delayed planning may influence adoption and affordability as much as cost itself

Penetration is A Collective Measure of Progress

Policy & Market Enablement

Consumer Awareness & Education

Affordability & Financial Planning

Market Penetration reflects how well the senior housing ecosystem aligns around awareness, access, affordability, workforce, and confidence

Workforce & Operational Capacity

Consumer Confidence and Experience

NIC Senior Housing Affordability Calculator

A Time-Based Approach to Affordability in Senior Housing

Affordability Measures in Senior Housing

- Affordability in senior housing needs a **time-based lens.**
- Older adults often finance housing and care through a combination of fixed income, home equity, investment income, and asset drawdown **over time**.
- **Affordability = Entry + Duration**

Entry Feasibility

-Can this household afford rent today?

-How many households qualify under AMI thresholds? …

Traditional threshold-based measures

Financial Durability

-For how many years can this household sustain rent under realistic assumptions?

New Time-based measure

Length of Stay Matters

Senior Housing Affordability as A Time-Based Measure

- Quantifies how long a household can sustain rent under defined assumptions.
- Measures affordability as financial durability, in addition to entry feasibility.

Core Inputs

-Income

-Net Worth / home Value

-Asking Rent

+

Assumptions

-Income Allocation to Housing (%)

-Income Growth

-Selling Cost

-Annual Yield on Invested Assets

-Rent Growth

=

Output

Time-Based Affordability Measure:

Estimated Affordability Duration in Years and Months

A Market-Level Analytical Framework

Not personalized financial advice

What the Tool Can Do	What the Tool Does Not Do
Scenario and sensitivity testing across: • 99 Markets and more • Income allocation/growth assumptions • Asset availability levels • Alternative rent growth paths (**Price transparency**) • Shorter or longer time horizons	• **Does not predict individual behavior** • Does not provide financial planning recommendations • Does not assume asset protection strategies or estate planning strategies • Does not automatically model care-acuity or step-ups • Does not incorporate Medicaid eligibility or public subsidy transitions

How the Estimated Affordability Duration Shifts with Lower Asking Rent Inputs Than Average

Inputs
Median Income (HH 75+)
Median Net Worth (HH 75+)
Assisted Living Asking Rent Average **vs.** 25th Perc.

Time Based Affordability Measure Key Assumptions	
Income Allocation to Housing	60%
YoY Income Growth Rate	3%
Net Worth Selling Cost Assumption	9%
Annual Yield on Invested Net Worth	5%
YoY Rent Growth	4%

Assisted Living Time-Based Affordability Measure		
	Based on Average Monthly Rent	Based on 25th Percentile Asking Rent
Las Vegas, NV	7 years and 4 months	12 years and 6 months
Miami, FL	6 years and 5 months	10 years and 6 months
Portland, OR	6 years and 5 months	9 years and 11 months
Minneapolis, MN	6 years and 9 months	11 years and 9 months

Prepared by: NIC Analytics of the National Investment Center for Seniors Housing & Care (NIC) I Data Source: NIC MAP I Market Coverage: Data covers 99 NIC MAP Primary and Secondary Markets.

Median Length of Stay in Assisted Living: ***2 years and 2 months***

NIC Senior Housing Affordability Calculator
Market Simulation

Market Inputs and Key Assumptions

Reset Calculator

User Guide, Glossary, and Methodology

Select Market

Select a Market...

MONTHLY RENT INPUT AND ASSUMPTIONS

Estimated Monthly Rent ($) ?

e.g. 6000

Annual Rent Growth (%) ? 4.0%

Assisted Living Asking Rent Distribution ($) ?

5th Percentile: ? —

95th Percentile: ? —

INCOME INPUT AND ASSUMPTIONS

Household Income ($) ?

e.g. 75000

Income Allocation to Monthly Rent (%) ? 60.0%

Annual Income Growth (%) ? 2.5%

NET WORTH INPUT AND ASSUMPTIONS

Estimated Net Worth ($) ?

e.g. 500000

Net Worth Liquidation Cost (%) ? 1.5%

Investment Yield (%) ? 4.0%

Market Overview

CBSA Market ? Select Market

ESTIMATED AFFORDABILITY DURATION ?

based on user input and defined assumptions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NIC Insights Session: It’s Time to Make Middle Market Housing & Care a Reality

Date and Time: October 22, 2026 | 1:00 pm - 2:00 pm

Location: Main Stage

Moderator
Bob Kramer
Co-Founder & Strategic Advisor
NIC

Panelist
Bre Grubbs
Partner & Chief Strategy Officer
Leisure Care

Panelist
Laura Lamb
President & CEO
Episcopal Retirement Services

Panelist
Tod Petty
Chief Investment Officer
Mainstay Financial Services

Discussion & Questions